

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Criminal Property Forfeiture Fund, which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of changes in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

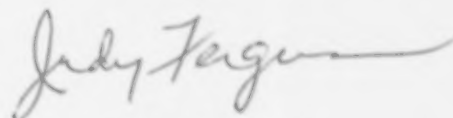
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Criminal Property Forfeiture Fund as at March 31, 2017, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
July 19, 2017



Judy Ferguson, FCPA, FCA
Provincial Auditor

Statement 1

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	<u>2017</u>	<u>2016</u>
Financial assets		
Due from General Revenue Fund (Note 3)	\$ 454,631	\$ 1,616,169
Accounts receivable (Note 4)	<u>565,264</u>	<u>477,760</u>
	<u>1,019,895</u>	<u>2,093,929</u>
Financial liabilities		
Accounts payable	<u>987</u>	<u>119,506</u>
Net financial assets (Statement 3)	<u>1,018,908</u>	<u>1,974,423</u>
Accumulated surplus (Statement 2)	<u>\$ 1,018,908</u>	<u>\$ 1,974,423</u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

	Budget (Note 7)	2017	2016
Revenues			
Forfeitures	\$ 377,003	\$ 1,439,856	\$ 1,015,718
Interest	4,756	6,665	15,461
Total revenue	381,759	1,446,521	1,031,179
Expenses			
Grants	40,000	2,387,461	1,462,008
Professional Fees	51,210	12,072	13,473
Refund of awarded costs	287	-	-
Towing and storage	2,214	2,503	3,545
Total expenses	93,711	2,402,036	1,479,026
(Deficit)/Surplus for the year (Statement 3)	288,048	(955,515)	(447,847)
Accumulated surplus, beginning of year	1,974,423	1,974,423	2,422,270
Accumulated surplus, end of year (Statement 1)	<u>\$ 2,262,471</u>	<u>\$ 1,018,908</u>	<u>\$ 1,974,423</u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31

	<u>2017</u>	<u>2016</u>
(Deficit)/Surplus for the year (Statement 2)	<u>\$ (955,515)</u>	<u>\$ (447,847)</u>
Net financial assets, beginning of year	<u>1,974,423</u>	<u>2,422,270</u>
Net financial assets, end of year (Statement 1)	<u>\$ 1,018,908</u>	<u>\$ 1,974,423</u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2017	2016
Operating Activities		
Cash received from:		
Forfeitures	\$ 1,349,732	\$ 635,853
Interest	9,285	16,229
	<u>1,359,017</u>	<u>652,082</u>
Cash paid for:		
Grants	2,505,980	1,345,440
Professional Fees	12,072	13,764
Towing and storage	2,503	3,945
	<u>2,520,555</u>	<u>1,363,149</u>
(Decrease) in cash and cash equivalents	(1,161,538)	(711,067)
Due from General Revenue Fund, beginning of year	<u>1,616,169</u>	<u>2,327,236</u>
Due from General Revenue Fund, end of year	<u>\$ 454,631</u>	<u>\$ 1,616,169</u>

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1. Legislative Authority and Purpose

The Criminal Property Forfeiture Fund (Fund) was established under section 30(1) of *The Seizure of Criminal Property Act, 2009* (Act). The Fund receives all revenue related to the sale of property that has been forfeited to the Crown pursuant to subsection 27(2) of the Act and pays for costs related to bringing applications for forfeiture, managing and selling forfeited assets, and the Fund administration. Also, at the direction of the Minister responsible for the Act and the Minister responsible for *The Police Act, 1990*, money in the Fund may be used, on an equal basis, for police operations and the Victims' Fund, established by *The Victims of Crime Act* and continues under the authority of *The Victims of Crime Act, 1995*.

The Fund's staff is responsible for the preparation and fair presentation of the financial statements in accordance with the Canadian public sector accounting standards. The Fund's staff maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board of CPA Canada, the Fund is classified as an other government component. Accordingly, these financial statements have been prepared in accordance with Canadian public sector accounting (PSA) standards, as published by CPA Canada. The following accounting policies are considered significant.

(a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

(b) Revenue Recognition

Forfeiture and other sources of revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Although forfeiture orders may be granted by the courts, the respondents do have the ability to appeal the decision. Revenue is recorded when there is significant assurance that the Fund will receive the proceeds.

(c) Grant expense

Grant expenses are recorded when grants have been approved and recipients have met the eligibility criteria, if any.

(d) Use of estimates

These financial statements are prepared in accordance with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates due to appeals and liens against the forfeiture. Differences are reflected in the period when they are identified.

**MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

(e) Remeasurement gains and losses

The Fund has no transactions that would result in measurement gains and losses therefore a statement of measurement gains and losses has not been prepared.

(f) New Accounting Standards Not Yet in Effect

A number of new Canadian public sector accounting standards and amendments to standards are not yet effective for the Fund and have not been applied in preparing these financial statements. The following standards will become effective as follows:

- (a) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.
- (b) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.
- (c) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.
- (d) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.
- (e) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity.

The Fund plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

3. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

Interest earned is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's 30 day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2017 was 0.54% (2016 - 0.60%).

4. Accounts Receivable

Amounts due to the Fund consist of the following:

	2017	2016
Forfeitures	\$ 564,076	\$ 473,952
Interest	1,188	3,808
	<u>565,264</u>	<u>477,760</u>

**MINISTRY OF JUSTICE
CRIMINAL PROPERTY FORFEITURE FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Some transactions with related parties are disclosed elsewhere in these notes.

During the year, the Fund received certain administrative services from the Ministry of Justice and the Ministry of Finance without charge. In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, use of certain tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

6. Financial Instruments

The Fund's financial instruments consist of Due from General Revenue Fund, Accounts Receivable and Accounts Payable. There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows. The carrying value of these instruments approximates fair value due to their immediate or short term nature.

7. Budget

The budget for the Fund for the year ended March 31, 2017 was approved by Treasury Board.